

**From:** McCrary,Michael,ST LOUIS,Tax [Michael.McCrary@purina.nestle.com]  
**Sent:** Thursday, October 09, 2008 1:50 PM  
**To:** Kinkle, Sherrie  
**Subject:** ECONOMIC LIVES IN ASSESSORS' HANDBOOK SECTION 581

Sherrie,

I can think of many questions regarding publishing these lives. First, I truly think the counties would use these as a crutch for assessment purposes and let the taxpayer appeal. If they use these and the SBE adopts them, what recourse does a taxpayer have? It is already difficult at best to do business in CA. One of my biggest fears is that these will become a stumbling block for reaching a true FMV. The tables are a starting point and then many other factors need to be considered. Our plant has several types of M&E that these tables would not account for the true life. Some of the equipment is operating under extreme temperatures and some of the equipment is related to product that has a much shorter life. For that equipment to be used again, it would require significant retooling so the equipment actually follows the product life. Mass appraisal techniques are good to use as a base, but where is the strong and supportive language to the assessors that allows them to deviate for specific situations? For example, all food processing M&E should not get a 15 year life. Even though according to CA engineering is considered taxable, I can't sell the engineering cost associated with my equipment.

Another issue I have is how were these tables established? Is there a study that was conducted or something that would validate the lives established?

I am very concerned about valuation of M&E in California, audits and appeals. Given these tough economic times, these type policies are becoming a deciding factor when businesses start to discuss plant reductions in both production and employment and it is also a deciding point when new locations are discussed.

Mike McCrary  
Manager, Property Taxes, North America  
Tel: (314) 982-2279  
Fax: (314) 982-1697  
michael.mccrary@purina.nestle.com